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# PHILEQUITY CORNER

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## Dollar weakens but US stocks soar

Why are US stocks going up while the dollar is going down?

US equity markets hit fresh record highs last week. This defied the dollar's worst performance since 1973 as corporate America's AI dominance and lack of global alternatives overshadow currency weakness. The stunning rebound has seen the Nasdaq surge 39% from April lows and the S&P 500 climb 29%. Both indices are now solidly positive for the year, with the Nasdaq up 6.6% year-to-date and the S&P gaining 6.4%. The dollar has plummeted 9.8% year-to-date in this historic decline.

## Sell America Trade hits dollar hard

Early this year, we highlighted emerging cracks in US exceptionalism and how the "Sell America Trade" hit the US dollar as some foreign entities pulled back from buying US Treasuries. This strategy has gradually caught on among global investors seeking to diversify away from dollar assets. Trump's "big, beautiful" tax bill and rising US debt have accelerated this concern. Meanwhile, US stock markets reached new highs because the leading US companies remain unparalleled. Corporate America remains exceptional and significantly ahead of the others.

## Dimon confirms American corporate dominance

This US corporate superiority is exactly what JPMorgan Chase CEO Jamie Dimon highlighted in his warning about Europe's declining competitiveness. "Europe has gone from 90% of US GDP to 65% over 10 or 15 years. That's not good," Dimon said at an Irish foreign ministry event in Dublin.

He bluntly told the European audience that "You're losing" the battle against rivals US and China. He emphasized the superiority of American companies, saying: "We've got this huge, strong market and our companies are big and successful, have huge kinds of scale that are global. You have that, but less and less," Dimon said, underscoring why investors see no alternative to US companies.

## AI Revolution powers Nvidia to historic milestone

The US bull market continues because of artificial intelligence. AI is being called the next industrial revolution similar to the internet and electricity—a game changer whose implications ordinary folks are not yet seeing. Nvidia, the poster child of this revolution became the first company to reach a \$4 trillion market cap, up 22.8% year-to-date. The milestone reflects Nvidia's GPU dominance in AI development and its evolution beyond chips into a complete AI infrastructure provider, offering software, cloud services and networking technology. The company is charging ahead with new AI models for autonomous vehicles and robots.



### **Jensen Huang surpasses Warren Buffett**

Jensen Huang has seen his net worth rise to \$144 billion, surpassing Warren Buffett's \$143 billion to become the 9th wealthiest person globally. Huang visited President Trump at the White House last Thursday before his scheduled trip to China to meet Xi Jinping, presumably to discuss easing US technology export curbs. Huang has previously argued these restrictions give Chinese rivals like Huawei an unfair advantage. The curbs have effectively locked Nvidia out of China, the largest chip market, with the company expecting to lose \$8 billion in sales in the second quarter. "The \$50 billion China market is effectively closed to U.S. industry," Huang told investors during an earnings call last May.

### **Trump touts Nvidia gains on Truth Social**

Trump seized on Nvidia's soaring share price in a social-media post earlier Thursday, urging the Federal Reserve to cut interest rates. "Tech Stocks, Industrial Stocks, & NASDAQ, HIT ALL-TIME, RECORD HIGHS! CRYPTO, Through the Roof. NVIDIA IS UP 47% SINCE TRUMP TARIFFS. USA is taking in Hundreds of Billions of Dollars in Tariffs," he wrote, pointing to the boom in technology as justification for his policies.

### **BRICS is a threat to dollar dominance**

Sensing the threat to the US dollar dominance, Trump has reacted strongly to the BRICS nations seeking alternatives to the dollar as reserve currency and the US-controlled SWIFT payment system. The bloc – originally Brazil, Russia, India, China, and South Africa – has expanded to 10 countries with more awaiting addition. A growing number of central banks are diversifying away from dollar assets for fear of confiscation as what happened with Russia. Trump angrily threatened additional 10% tariffs to "countries aligning themselves with the anti-American policies of BRICS" as leaders convened in Rio de Janeiro last week.

### **Tech dominance overshadows dollar weakness**

The divergence between soaring US equities and a plummeting dollar reflects a new market reality: investors are betting on American corporate excellence rather than the country's traditional financial dominance. While the greenback faces structural headwinds from fiscal concerns, corporate hedging and central bank diversification, US companies—led by AI pioneers like Nvidia and Microsoft—continue to demonstrate unmatched innovation and scale. As long as Corporate America maintains its technological edge and global investors see no viable alternatives, this paradox may persist, with US equity markets rising even as the dollar's dominant status faces its greatest challenge in decades.